

# IGB Bhd

Target price: **RM4.70 OUTPERFORM**



**PUBLICINVEST RESEARCH (DEC 4):** Hot on the heels on the group's plan to list its commercial assets via a real estate investment trust, IGB announced that it is disposing of its 50% stake in Black Pearl Ltd, which owns the land known as 18 Blackfriars Road in London, for £235 million. The land was purchased for £122 million in 2014. It was earlier earmarked for a mixed-use development. Our earnings estimates remain unchanged for now, pending more clarity from management. Maintain "outperform" with a target price of RM4.70, pegged at a 50% discount to our RNAV estimates.

The planned mixed-use development was originally slated to be launched in 1H2018, but it was deferred due to a change in design to meet the authorities' requirements. With the Brexit-related uncertainty, we believe that the outright land disposal is positive to monetise the asset (50% stake worth some RM635 million) immediately and minimise development risks.